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## ABSTRACT

This competency-based preservice home economics teacher education module on shopping for a home loan is the fourth in a set of six modules on consumer education related to housing. (This set is part of a larger series of sixty-seven modules on the Management Approach to Teaching Consumer and Homemaking Education [MATCH]--see CE 019 901-967.) Following the module objective and overview, three units of instruction are presented: (1) obtaining a home loan (includes lessons on source of home loans, types of home loans, and qualifying for a home loan); (2) calculating the costs for a home (includes lessons on terminology in home finance, property appraisal and value, and figuring the costs); and (3) closing of financial arrangements for a home (includes lessons on terminology of closing arrangements, closing arrangements, and advantages and disadvantages of buying). Each unit generally includes the following elements: narrative summary, suggested activities, suggested resources, and progress check (with answer key). A module pre/posttest (with answer key) concludes the document. (Workshop proceedings relating to the development of these modules are available in the ERIC system as CE 019 896-899; also available is a module on utilizing FHA-HERO as an instructional strategy to expand and strengthen the home economics instructional programs [CE 019 900].) (JH)

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CONSUMER APPROACH STRAND:

HOUSING

MODULE I-B-4 SHOPPING FOR A HOME LOAN

1978

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CE 019 908

## MATCHE

### Management Approach to Teaching Consumer and Homemaking Education

MATCHE is an individualized, competency-based preservice curriculum designed for home economics education students at the preprofessional, upper division level. MATCHE is a comprehensive curriculum based on selected objectives which give emphases in three areas: 1) consumer approach to homemaking education, 2) teaching home economics in economically depressed areas, and 3) establishing occupational programs related to home economics. The material for each subject matter area of home economics has been organized into these three strands, and includes an FHA-HERO emphasis. These subject matter areas are home economics education core, housing, foods and nutrition, textiles and clothing, human development, and management.

The MATCHE modules were written by subject matter specialists from various colleges and universities offering home economics and therefore each is unique in the approach used for the development of the objectives. The modules allow for differences in level of achievement, rate of learning, and learning goals. They may be used independently, combined into a sequential series, or as a random set of conceptual units. Any instructor using the material can easily adapt the material to a specific group of students, the locale, method of instruction, and available facilities. Learning may be facilitated by offering one module in conjunction with others.

As MATCHE is continuously up-dated by those using the curriculum, some concepts and objectives may be added and others deleted. The purpose is to continually strengthen the program for pre and inservice home economics teachers.

Guidelines for Use and Continuous Development of MATCHE are on file with Home Economics units in each of the fifty state departments of education plus all of the Home Economics Departments in California institutions offering home economics education. This booklet and proceedings from the four MATCHE workshops give background information concerning the purpose and development of the MATCHE project.

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# MATCHE PROJECT

1974-1978

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## SHOPPING FOR A HOME LOAN

### Module Objective

Given the price and condition of a house, the existing financial arrangements for its resale, and the property tax rate and insurance rates, the MATCHE student will be able to calculate the approximate monthly and annual costs of that house, and will also be able to describe the financial requirements for its purchase including down payment, monthly payments for principal and interest, taxes, and insurance.

### Module Overview

This module deals with the various types and methods of home financing and the points that must be considered when shopping for a home loan; it also deals with calculating the costs involved in purchasing a home. It is structured into the following units:

Unit 1: Obtaining a Home Loan

Unit 2: Calculating the Costs for a Home

Unit 3: Closing of Financial Arrangements for a Home

## UNIT 1

### OBTAINING A HOME LOAN

#### Objectives

The MATCHE student will be able to identify and describe the various sources available for obtaining home loans.

The MATCHE student will be able to explain the various types of home loans.

The MATCHE student will be able to describe the criteria used in determining whether an individual qualifies for a home loan.

#### Overview

This unit will introduce you to and familiarize you with sources of home loans, types of home loans, and terminology that is helpful to know when dealing with mortgages. It will also discuss how one goes about qualifying for a home loan and what may hinder him from meeting the criteria of a lending agency.

#### Lesson 1: Sources of Home Loans

The narrative summary, resources and activities presented in this lesson will enable you to determine the sources from which home loans are available.

#### Narrative Summary

Sources of real estate loans can be divided into two major types: institutional lenders and non-institutional lenders or individuals or organizations. Institutional lenders include the following:

Commercial Banks. These are "general purpose" lenders. In making mortgage investments, equity and marketability are of paramount importance. Emphasis is placed on the integrity and the financial condition of the borrower in order to assure loan repayment without recourse to foreclosure.

Individuals and Nonfinancial Institutions. This group of lenders makes more individual mortgages from month to month than any other class of mortgagees. Individuals obtain mortgage loans through title companies, mortgage companies, real estate brokers, by advertising, or through others who deal in real estate operations. Nonfinancial institutions can include universities or colleges, pension funds of various kinds, trust departments of banks, title companies, brokers, and others. Individual and other non-institutional lenders follow no uniform lending practices and in general are not subject to regulatory bodies. As a result, they can take greater risks.

Insurance Companies. In general, life insurance companies make conventional loans on almost all types of property. Residential loan amounts usually are between \$10,000 and \$60,000. The term, ratio of loan, and rate of interest vary from company to company and are affected by many market conditions, and age of the property, quality of construction, qualification of borrower, amount and term of the loan, and the neighborhood.

Mortgage Companies. These operate primarily as mortgage loan correspondents of life insurance companies, mutual savings banks, pension funds, and other financial institutions. These companies, with their loan brokerage functions, are one of the prime sources for mortgage loans. These companies are usually free of lending limitations such as are placed on institutional lenders.

Mutual Savings Banks. These banks are located mainly in the northeastern states. They have no capital stock, but are mutual in character, and depositors share in the earnings of the bank. They are not active in California because of the widespread use of branch banks.

Savings and Loan Associations. These account for the greatest share of the home loan market. They include both federally chartered and state licensed associations. Interest rates charged on home loans vary as to area, but are generally higher than those placed by insurance companies and banks.

Non-institutional lenders are those who participate entirely on an individual or private basis and a wide variety of organizations which provide funds for mortgage lending.

All activities should be submitted to  
and discussed with your instructor.

#### Suggested Activities

1. Visit each of the institutional sources listed. Gather information as to interest rates and the terms of loans.
2. Check into individual and nonfinancial institutions available in your community. What types of rates and terms do these offer?
3. Gather all of your information together for an instructional chart. Which type of lending source would you choose? Why?

### Suggested Resources

Hippaka, William H., and J. W. Pugh. California Real Estate Finance. Englewood Cliffs, New Jersey: Prentice-Hall, 1978.

Allen, Walter L., and Raymond M. Dabler, eds. California Department of Real Estate Reference Book. State of California, Department of Real Estate, 1976.

When you feel you have learned the information presented in this lesson, take the following Progress Check.

### Lesson 1: Progress Check

1. Identify the two major types of lending institutions and explain the differences between the two.
  
  
  
  
  
  
  
  
  
  
2. Describe the advantages and disadvantages of obtaining a loan from a source of your selection.

Compare your answers with those on the next page.

## **Answer Key**

### **Lesson 1: Progress Check**

1. Institutional: savings and loan or commercial banks, insurance companies, mutual savings  
Non-institutional: mortgage companies, individual and nonfinancial organizations(brokers, title insurance companies, universities, etc.)
2. Check your answer with a reliable resource corresponding to the source of your selection.

## Lesson 2: Types of Home Loans

The narrative summary, resources, and activities presented in this lesson will enable you to identify and explain the various types of home loans available.

### Narrative Summary

Several types of home loans are available to the home buyer. FHA and VA are not actual lenders but they do guarantee the loan to the lending institution and will be included in this lesson.

FHA insured mortgages carry a guarantee from the Federal Housing Administration protecting the lender against loss. Loan applications are submitted to FHA by the mortgage lender. FHA makes a thorough examination of the property and checks the borrower's ability to assume the mortgage. An FHA loan may be considered for up to 97 percent of the property value, with repayment terms up to thirty years. Houses must meet rigorous standards and interest is lower than with a conventional loan.

VA or Veterans Administration home loans are available only to eligible veterans of World War II, the Korean Conflict, and Vietnam Conflict, and "Cold War" military service. Procedures are similar to those of FHA loans, with applications being made to the Veterans Administration Loan Guarantee Office. Provided the mortgage lender is willing, loans may be made up to 100 percent of the VA's appraisal value. Unlike FHA, the VA may make loans directly to the home buyer in certain areas of the country where there are no participating lenders. Normally VA guarantees the loan to the lender for \$17,500. The lending agency may then lend up to four times that amount or up to \$70,000. It is possible to have a VA loan more than once since the insured limit has been raised and may be raised again. One may borrow the difference between the original and current limit. The loan must be foreclosed if the debtor misses payments.

Conventional Mortgages are offered by banks, savings and loan institutions, and mortgage bankers representing life insurance companies. These loans are made on a monthly payment basis usually up to 75 or 80 percent of the property value (as appraised by the lender). Terms may run as long as 30 years. The payment may include an additional fixed sum deposited with the lender to pay taxes and insurance. An early payoff or "prepayment" penalty usually is a condition of the loan.

Purchase Money Mortgages or private money can obligate the buyer in two ways. First, there may be an actual loan of money and second, there may be merely an extension of credit by a seller who takes a note and trust deed or mortgage as part of the purchased price.

A Sales Contract is an instrument in which the seller agrees to convey title to real property to the buyer after he has met certain conditions specified in the contract and which does not require conveyance of title within one year. Repossession of property is easy and is possible. A sales contract is generally considered to be a high risk loan as the title stays with the lender until the loan is paid off.

Besides recognizing the types of loans available, it is helpful to understand some of the terminology used in discussing mortgages. The repayment period is the term or length of the loan. Prepayment means paying off a mortgage loan before it matures. A possible penalty exists for prepayment except on VA and FHA loans. Open-end provisions make it possible for a borrower to get more funds when he needs them later on, without the need for refinancing. Trade-in housing is where one party actually trades in his present house on another house. This is like trading in your car on another.

Budget mortgages include principal, interest, taxes, and insurance.

Package mortgages include in the loan certain accessory items like carpeting, laundry equipment, appliances, and swimming pools. A package mortgage is costly. The borrower is paying long after items wear out. One is paying interest for 25-30 years on carpet, appliances, etc., that could have been financed at a lower rate for a short-term loan.

All activities should be submitted to and discussed with your instructor.

#### Suggested Activities

1. Visit a lending institution, Veterans Administration Office and Federal Housing Administration to obtain information and brochures on VA, FHA, and conventional loans. Which do you think is the most beneficial to what buyer at what time?
2. Obtain free pamphlets from local VA and FHA offices. Write for the major loan reference booklets and pamphlets listed on the suggested resources.
3. Make a chart listing the advantages and disadvantages of each type of loan.
4. Study a current real estate finance book. What other terms should be known when considering mortgages? List these terms with their definitions.

#### Suggested Resources

Allen, Walter L., and Raymond M. Dabler, eds. California Department of Real Estate Reference Book. State of California, Department of Real Estate, 1976. Office in all major California cities. Cost: \$4.24.

Benefits for Veterans and Service Personnel with Service Since January 31, 1955, and Their Dependents. Veterans Administration, Washington, D.C. 20420, January 1975, VA Pamphlet 20-67-1. Free.

Department of Housing and Urban Development. Digest of Insurable Loans. HUD #1 Embarcadero Center Suite 1600, San Francisco, California 94111, September 1975, HUD Pamphlet 400.1. Free.

Hippaka, William H., and J. W. Pugh. California Real Estate Finance. Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1978.

Hoagland, Henry E., and Leo Stone. Real Estate Finance. Harwood, Illinois: Richard D. Irwin Co., 1973.

Loan Guarantee Benefits for Veterans with Service Since January 31, 1955. Veterans Administration, Washington, D.C. 20420. February, 1975. VA Pamphlet 20-69-7. Free.

When you feel you have learned the information presented in this lesson, take the following Progress Check.

#### Lesson 2: Progress Check

1. Given below is an example in which a house is being financed through FHA. List the advantages and disadvantages of financing the house through FHA rather than another method.

Example: New house has been FHA inspected. It is being purchased during a tight money period by a young, average income family.

2. List the advantages and disadvantages of financing a new house costing \$45,000 through VA rather than another method.
3. Define the following terms.
  - a. repayment period
  - b. prepayment
  - c. open-end provision
  - d. trade-in housing
  - e. package mortgage
  - f. assumption loan

Compare your answers with those on the next page.

## Answer Key

### Lesson 2: Progress Check

1. Advantages:

Only a small down payment is required.  
There is a smaller interest rate than on a conventional mortgage,  
this a smaller monthly payment.  
Since it is FHA inspected, it provides a four-year warranty against  
serious structural defects.

Disadvantages:

During a period of tight money especially, the seller may have to pay  
the lender a discount charge (points). Because of this, many sellers  
prefer to sell through a conventional loan, thus limiting the choice  
of houses to a buyer.

2. Advantages:

There are smaller monthly payments than with a conventional loan because of  
smaller interest rate.  
There is no penalty for repaying the loan.  
Legal safeguards are written into the mortgage to protect the buyer.  
It may be possible to finance as much as 100 percent of the selling price.

Disadvantages:

The buyer may have to shop around more for a loan.  
Since the seller may have to pay discount charges (points), he may cut  
corners on the home he builds in order to compensate for the discount  
he pays the lender.

3. Repayment period is the term of the loan.

Prepayment is paying off the loan before it reaches maturity.

Open-end provision allows for obtaining more funds later on without  
refinancing.

Trade-in housing allows the use of the present house as a trade-in on  
a new house.

Package mortgages include accessory items in the loan.

Assumption loan assumes an existing loan such as a VA, FHA, or conventional.

It is fast and possibly may require a large down payment; the  
liability of original borrower does not end with assumption of loan by  
new buyer.

### Lesson 3: Qualifying for a Home Loan

The narrative summary, resources, and activities presented in this lesson will enable you to determine the criteria used by lenders in deciding the qualifications necessary for persons applying for home loans.

#### Narrative Summary

An individual applying for a home loan will have to meet the specified criteria of the lending institution before he can qualify for the loan. He will be asked such questions as where he is employed and for how many years, his income, residency, marital status, bank accounts, number of dependents, the property he owns, and any insurance he may have. His debts will be checked to see if they are extreme. His credit will be checked as to his ability to obtain and handle previous credit. The lender will consider the personal character of the applicant and will also look at references and often consult with landlords about their previous tenants. A budget is often set up to determine the family's expenses.

Usually, the major concern is to be sure that the individual applying for a loan is a stable liability. Disqualification is due mainly to the inability of the individual to pay back the loan for one reason or another, or for a combination of reasons.

All activities should be submitted to and discussed with your instructor.

#### Suggested Activities

1. Visit several lending agencies, such as a commercial bank, a savings and loan, and an insurance company. Obtain a list of their criteria for qualifying an applicant.
2. Meet with individuals or agencies in the non-institutional category, such as a mortgage company, broker, or title insurance company. Obtain a list of their criteria for qualifying an applicant.
3. Compare your lists. Which has the most rigorous set of criteria? The most lenient? Prepare a chart listing the lending sources in order of difficulty to meet their criteria, along with their required criteria. Did you find that the agencies with the most rigorous criteria also offered more security and benefits to the applicant?

#### Suggested Resources

Allen, Walter L., and Raymond M. Dabler, eds. California Department of Real Estate Reference Book. State of California, Department of Real Estate, 1974.

Hippaka, William H., and J. W. Pugh. California Real Estate Finance. Englewood Cliffs, New Jersey: Prentice-Hall, 1978.

Hoagland, Henry E., and Leo Stone. Real Estate Finance. Harwood, Illinois: Richard D. Irwin Co., 1973.

There is no Progress Check for this lesson.

UNIT 1 PROGRESS TEST

Shopping for a Home Loan

Student \_\_\_\_\_

Instructor \_\_\_\_\_

Date \_\_\_\_\_

1. Classify the following lending sources as (A) institutional or (B) non-institutional.

- a. \_\_\_\_\_ commercial bank
- b. \_\_\_\_\_ broker
- c. \_\_\_\_\_ mutual savings
- d. \_\_\_\_\_ university
- e. \_\_\_\_\_ savings and loan association
- f. \_\_\_\_\_ mortgage company
- g. \_\_\_\_\_ insurance company
- h. \_\_\_\_\_ title company
- i. \_\_\_\_\_ individual

2. List the most common types of home loans.

3. Match each term with its definition.

- |                             |                                                    |
|-----------------------------|----------------------------------------------------|
| a. _____ repayment period   | 1. paying off loan before maturity                 |
| b. _____ prepayment         | 2. use your house as a trade-in on a new one       |
| c. _____ open-end provision | 3. term of loan                                    |
| d. _____ trade-in housing   | 4. can get more funds later on without refinancing |
| e. _____ package mortgages  | 5. accessory items included in the loan            |

UNIT 1 PROGRESS TEST  
(continued)

4. Which of the items below are most likely to be used as criteria by a loan company in determining the qualifications of the applicant? Enumerate in order of importance.

- |                               |                               |
|-------------------------------|-------------------------------|
| a. _____ occupation           | g. _____ number of dependents |
| b. _____ neighborhood         | h. _____ previous credit      |
| c. _____ debts                | i. _____ marital status       |
| d. _____ possessions          | j. _____ references           |
| e. _____ community activities | k. _____ hobbies              |
| f. _____ education            |                               |

5. Disqualification of an individual is due mainly to \_\_\_\_\_
- \_\_\_\_\_

**ANSWER KEY**  
**UNIT 1 PROGRESS TEST**

**Shopping for a Home Loan**

**Instructor:** In booklets reproduced for students, you may wish to omit this page.

1.
  - a. (A)
  - b. (B)
  - c. (A)
  - d. (B)
  - e. (A)
  - f. (B)
  - g. (A)
  - h. (B)
  - i. (B)
2. VA, FHA, conventional. sales contract, purchase money mortgages
3.
  - a. 3
  - b. 1
  - c. 4
  - d. 2
  - e. 5
4. a, c, d, g, h, i, j
5. his inability to pay the loan back

## UNIT 2

### CALCULATING THE COSTS FOR A HOME

#### Objectives

The MATCHE student will be able to identify and define terms dealing with calculating the cost of a home.

The MATCHE student will be able to describe the process of appraisal of property and understand its changes in value.

The MATCHE student will be able to compute the cost of purchasing a home.

#### Overview

In this unit you will become familiar with the terms you need to know when determining the cost of a home. You will also learn about property appraisal and value and how to actually calculate the costs of a home.

#### Lesson 1: Terminology in Home Finance

The narrative summary, resources, and activities presented in this lesson will enable you to define and understand various terms used in home finance.

#### Narrative Summary

Knowledge of finance terminology is essential when discussing the cost of purchasing a house. Some of these terms are listed below.

Amortize. This is to provide for the gradual elimination of a debt by making definite payments at stated intervals.

Mortgage. This is an agreement to pay a loan over a specified period at set interest rates.

Second Mortgage. The borrower pledges property already mortgaged for a second loan.

Open-End Mortgage. The borrower has the privilege of borrowing back up to the original amount borrowed after part has been repaid.

Equity. This is the amount of money the borrower puts into the down payment or the amount of his house that he actually owns. Each monthly payment adds a small amount to the equity and the rest goes toward the interest.

Interest rates. On conventional mortgages, interest rates are determined by each lender according to the amount of risk involved, the type and age of the property, and the down payment to be made by the borrower. Interest rates are what is paid for the privilege of borrowing the money. FHA rates are established by the FHA Commissioner just as VA rates are determined by the Veterans Administration in collaboration with the Federal government. Prime interest rates have fluctuated greatly in the last five years.

Points. These are also known as mortgage discounts. Points came into being because FHA and VA interest rates are frozen by government regulations. To allow these loans to earn as much as conventional mortgages, lenders charge points or discounts to the seller or builder before granting the borrower a mortgage. On FHA or VA loans, these points may not be paid by the borrower. The charge may run from two to five percent of the amount of the mortgage. One point equals one percent of original loan--paid at the time the loan is made.

Down payment. These requirements vary widely with the type of loan and the kind of lender. This is the amount the borrower is required to have in cash if he is to receive the loan. On conventional loans, some savings and loans companies may require as little as 10 percent, usually 20 percent, whereas life insurance companies and national banks often require 25 percent. FHA set its down payment requirement on a sliding scale, depending on the value of the home. VA loans, if the lender agrees, may be made with no down payment.

Prepayment. Prepayment penalty is assessed to the borrower when the loan is paid off in advance of mortgage term. Major banks average a 3 percent penalty the first two years, decreasing by 5 percent each succeeding year. Exceptions may be an allowance of 15 percent prepayment of the face value each year at no charge. The borrower should read the loan disclosure statement carefully. FHA and VA loans do not have a prepayment penalty.

All activities should be submitted to  
and discussed with your instructor.

#### Suggested Activities

1. Visit a loan agency to determine the current interest rates for FHA, VA, and conventional loans. What is the down payment usually required?
2. Make a chart listing the interest rates and down payments required for each type of loan. Which have the lowest and highest interest rates and down payment?
3. Review Hoagland's Real Estate Finance or a current personal finance text. Define additional financing terms you feel a home buyer should know.

### Suggested Resources

Allen, Walter L. and Raymond M. Dabler, eds. California Department of Real Estate Reference Book. State of California, Department of Real Estate, 1976.

Hoagland, Henry E., and Leo Stone. Real Estate Finance. Harwood, Illinois: Richard D. Irwin Co., 1973.

Smith, Geneva D. Dollars for Housing. American Home Economics Association, HELP-Home Economics Learning Packages, June, 1970.

Consult local lending agency to obtain an amortization booklet or write to Financial Publishing Company, 82 Brooklyn Avenue, Boston, Massachusetts 02215, Publication #581. Equal Monthly Loan Amortization Payments 6% to 10%. (One-year to 40-year loans.)

When you feel you have learned the information presented in this lesson, take the following Progress Check.

### Lesson 1: Progress Check

Define the following terms.

- a. amortize
- b. down payment
- c. equity
- d. interest rate
- e. open-end mortgage
- f. points
- g. prepayment

Compare your answers with those on the next page.

## **Answer Key**

### **Lesson 1: Progress Check**

- a. the gradual elimination of a debt by making definite payments at stated intervals
- b. the cash required to pay down for the house and loan
- c. the amount actually owned
- d. the amount paid for the privilege of borrowing
- e. a mortgage which allows paying of the loan at any time without a prepayment penalty
- f. the mortgage discount paid by the seller
- g. penalty for paying off a loan early

## Lesson 2: Property Appraisal and Value

The narrative summary, resources, and activities presented in this lesson will familiarize you with property appraisal and the fluctuating value of land.

### Narrative Summary

It is helpful to be aware of some commonly used terms when discussing property appraisal and value. An appraisal is an estimate of the value of the property for tax and transfer purposes or for bankruptcy proceedings. Assessment is the value placed on property by a city, county, or state assessor.

Any decision concerning the value of the real estate must be based upon an appraisal. As stated in the above definition, an appraisal is an estimate. It is an opinion which may or may not be accurate, depending on the basic competence and integrity of the appraiser and upon the soundness and skill with which he processes the data. The fundamental purpose of an appraisal is to estimate value. The value most commonly sought is market value.

The value of real property is created, maintained, modified, or destroyed by the interplay of four of the great forces which motivate the activities of human beings. These are social ideals and standards, economic adjustments and changes, political or governmental regulations, and physical and natural forces. These four set the variables in real estate values. Real property has significance only as it satisfies man's needs and desires. The measure of a property's value is the degree of its utility and the scarcity of comparable sites--adjacent neighborhood, services, resources. Location and adequate homes market value are additional determinants of market value.

The state of the economy is a vital deciding figure in the value of land and the interest rates under which it can be purchased. The current economy is inflationary. That means people are spending more and more money, pushing up prices and the value of land. In order to counteract this tendency in the national economy, the Federal Reserve Board raises the interest rates of all money loans. The idea is that large corporations will not borrow it at the higher rates, expand business, provide jobs, and increase the money flow. When money is very tight, the interest rate on conventional loans may be high. This makes it difficult for people to afford home loans. In a time of economic recession, the reverse is true--people spend less; thus interest rates are decreased to encourage economic activity. It can be seen how the cycle of inflation and depression can affect property values.

All activities should be submitted to and discussed with your instructor.

### Suggested Activities

1. Visit your local assessor's office. Interview an appraiser. Collect samples of his data sheets and have him explain how to use them.
2. Appraise your home or a friend's, using the data sheets. Compare your appraisal figure with that of the appraiser from the assessor's office. How do they compare? Have your friends do this also. How do your opinions differ or agree?
3. Read Harry Golemon's book Financing Real Estate Development. Read William Mead "The Unreal Crisis in Real Estate", Money, December 1974.
  - a. Using a good map of your community, indicate areas with high assessed valuation and those of low assessed valuation.
  - b. After reading Golemon and Mead, write a summary of factors influencing market value.

### Suggested Resources

American Institute of Real Estate Appraisers, Education Committee, Special Technical Committee. The Appraisal of Real Estate. Chicago: 1967.

Golemon, Harry A., AIA. Financing Real Estate Development. New Jersey: Aloray Publishers, 1974.

Hippaka, William H., and J. W. Pugh. California Real Estate Finance. Englewood Cliffs, New Jersey: Prentice-Hall, 1978.

Mead, William B. "The Unreal Crisis in Real Estate", Money, December, 1974, pp. 34-37.

When you feel you have learned the information presented in this lesson, take the following Progress Check.

## Lesson 2: Progress Check

1. Define the following terms.
  - a. appraisal
  - b. assessment
  
2. Explain appraisal and its relation to land value. How does the economy affect property values?

Compare your answers with those on the next page.

**Answer Key**

**Lesson 2: Progress Check**

1.
  - a. appraisal: an estimate of the value of property for tax, transfer purposes, or bankruptcy proceedings.
  - b. assessment: the value placed on property by a city, county, or state government assessor
2. Appraisal is the estimate of the value of property. Any decision concerning the value of real estate must be based upon an appraisal; thus these are greatly intertwined. The state of the economy affects property value as it restricts or encourages spending through the manipulation of interest rates. If the economy is inflationary, interest rates as well as prices are high and so is land value. If it is a recessionary period, the reverse is true.

### Lesson 3: Figuring the Costs

The narrative summary, resources, and activities presented in this lesson will enable you to figure the costs for a house.

#### Narrative Summary

When you have found the house you wish to buy, you must determine exactly what this house will cost. When figuring this, you must take into consideration such factors as the price of the house, the required down payment, the term of the loan, the interest rate, the property taxes, and the insurance. Once you have determined the selling price of the house, you must decide which type of loan you will have and the down payment it requires. The interest rate you are charged will affect your monthly payments and the term or length of your loan. Many monthly payments now also include property taxes and insurance. The amount of your property taxes will depend on the tax rate of your city and the assessed value of your property. Your insurance rate will depend on the depth of coverage you desire and the company with which you deal, the type of structure, building materials, and proximity to fire protection.

Although a more complex process can be used, it is easiest to use an amortization chart to determine your basic payment. For a \$40,000 home that requires a 20 percent down payment under conventional financing, you would have to establish a loan of \$32,000. If this loan were for 30 years at 9 percent interest, your monthly payments would be \$257.48. If your taxes were \$745 a year plus insurance, approximately \$156 per year, your payments PITI\* would run about \$333 or more per month.

When considering just the basic monthly payment of \$257.48, it is surprising to learn just how little goes toward your principal at first. In your first month's payment, only \$17.49 would go toward the principal. By the twenty-fourth month, only \$20.77 would be toward the principal. It can be seen that very little goes toward the principal for the first part of your loan; most goes toward interest. Eventually this reverses and more goes toward principal. You can determine the principal/interest ratio of your payment at any given time by forming a ratio of the principal or loan to the amount of interest paid to date.

It is important to remember that real estate is calculated on a 30-day basis on the declining balance. Interest on a mortgage is computed on the unpaid balance.

All activities should be submitted to and discussed with your instructor.

#### Suggested Activities

1. Visit a realtor's office and obtain the statistics for at least three houses in different ranges: taxes, insurance, down payment, loan amount, and interest rate. Figure the monthly payments for each with the assistance of the amortization table.

\* Principal, interest, taxes, and insurance

2. Use the figures for the houses in activity number one. Determine the principal/interest ratio after 5 years, 10 years, and 20 years.
3. Visit your assessor's office to get the assessed value of your home or a home to which you have access to confidential information and two others in different cities. Obtain the tax rate from the tax collector's office. Figure the yearly property taxes on each house. Compare these to the figure at the tax collector's office. Are yours correct? If not, find your error and redo the problems.

#### Suggested Resources

Allen, Walter L., and Raymond M. Dabler, eds. California Department of Real Estate Reference Book. State of California, Department of Real Estate, 1976.

Hippaka, William H., and J. W. Pugh. California Real Estate Finance. Englewood Cliffs, New Jersey: Prentice-Hall, 1978.

Smith, Geneva D. Dollars for Housing. American Home Economics Association, HELP-Home Economics Learning Packages, June, 1970.

Consult a local lending agency to obtain an amortization booklet or write to Financial Publishing Company, 82 Brooklyn Avenue, Boston, Massachusetts 02215, Publication #581. Equal Monthly Loan Amortization Payments 6% to 10%. (One-year to 40-year loans.)

When you feel you have learned the information presented in this lesson, take the following Progress Check.

#### Lesson 3: Progress Check

Calculate the approximate monthly and annual costs of the house described below and indicate the financial arrangements for its purchase, including down payment, monthly payments for principal and interest, taxes, and insurance.

**Example:** A five-year-old house in good condition purchased with a conventional loan of \$22,500 with 8 percent interest on a 25-year loan. Price of the house is \$25,000. Down payment of 10 percent is required. Property tax is \$600 a year and insurance is \$12 a month.

Compare your answers with those on the next page.

**Answer Key**

**Lesson 3: Progress Check**

**Down Payment: \$2,500**

**Monthly payment (use amortization table): \$173.67**

**Taxes: \$50 a month**

**Insurance: \$12 a month**

**Annual costs: \$2,828.04**

**Monthly costs: \$235.67**

UNIT 2 PROGRESS TEST

Student \_\_\_\_\_

Shopping for a Home Loan

Instructor \_\_\_\_\_

Date \_\_\_\_\_

1. Match the term with the definition.

- |                            |                                                                                |
|----------------------------|--------------------------------------------------------------------------------|
| a. _____ points            | 1. gradual elimination of debt by making definite payments at stated intervals |
| b. _____ down payment      | 2. privilege of paying off loan at any time with no penalty                    |
| c. _____ amortize          | 3. what you pay for the privilege of borrowing                                 |
| d. _____ interest rates    | 4. mortgage discounts                                                          |
| e. _____ equity            | 5. what you need in cash                                                       |
| f. _____ open-end mortgage | 6. what you actually own                                                       |

2. Why did points come into being?

3. Define appraisal and assessment.

4. The value of real property is created, maintained, modified, or destroyed by the interplay of what four forces?

5. What factors must be considered in calculating the cost of a house?

6. How is the principal/interest ratio determined?

**ANSWER KEY  
UNIT 2 PROGRESS TEST**

**Shopping for a Home Loan**

**Instructor:** In booklets reproduced for students, you may wish to omit this page.

- |                                              |                                           |
|----------------------------------------------|-------------------------------------------|
| 1. a. <u>4</u><br>b. <u>5</u><br>c. <u>1</u> | d. <u>3</u><br>e. <u>6</u><br>f. <u>2</u> |
|----------------------------------------------|-------------------------------------------|
2. To allow FHA and VA loans, whose interest rates are frozen by government regulations, to earn as much as conventional loans.
3. Appraisal is an estimate of the value of property for tax, transfer purposes, or bankruptcy proceedings.
- Assessment is the value placed on property by a city, county, or state assessor.
4. Social ideals and standards  
Economic adjustments and changes  
Governmental regulations  
Physical and natural forces
5. Price of house  
Down payment  
Amount of loan  
Term of loan  
Interest rate  
Property taxes  
Insurance
6. Take the sample principal or loan amount and multiply this by the interest rate on the declining balance for each 30 days. This will give you the interest paid per year (360 days). Multiply this figure by the number of years you are considering. Remember to compute each month on the declining balance for each 30 day period. This will give you the interest paid in that number of years. Place your original principal factor over the interest paid in the number of years you are considering and you will have the approximate principal/interest ratio.

### UNIT 3

#### CLOSING OF FINANCIAL ARRANGEMENTS FOR A HOME

##### Objectives

The MATCHE student will be able to identify and describe various useful terms concerned with the final financial arrangements of a home.

The MATCHE student will be able to identify and explain the steps and final arrangements in closing a real estate transaction.

##### Overview

This unit will introduce several terms you need to know when dealing with the closing of financial arrangements for a home. You will also be able to identify the steps necessary to close a real estate transaction.

##### Lesson 1: Terminology of Closing Arrangements

The narrative summary, resources, and activities presented in this lesson will enable you to define several terms that are helpful to know when you are discussing the closing financial arrangements for purchasing a home.

##### Narrative Summary

When dealing in closing the financial arrangements of buying a home, it is helpful to know the terms that are commonly used.

An abstract of title or policy of title insurance is the legal description of the property plus its history of ownership.

A certificate of title is the guarantee that the property is undeniably in your name. This certificate is being rapidly replaced by a guarantee of title or warranty deed.

Closing costs come out of the borrower's pocket when the mortgage loan is closed. They include all fees for completing the transaction, such as attorney's fees, abstract of title or title policy fees, loan fee, appraisal and survey cost, and credit report. A loan of \$12,500 will usually require closing costs of about \$250, or 2 percent.

The escrow company is the clearing house for the buying-selling transaction. The "title" to the property is "cleared" (so that you are sure to legally own it), the adjustments on taxes and insurance are made (who pays for what part of the year), and the money is deposited (do you really have it). The closing costs that you pay when buying a house might be settled in escrow.

A deed or grant deed (more specific than a deed) is described as a written instrument, executed and delivered, by which title to real property is transferred from one person, called the grantor, to another person, called the grantee.

All activities should be submitted to and discussed with your instructor.

#### Suggested Activities

1. Visit the assessor's and recorder's office and take a look at such legal papers and contracts, deeds, and abstracts.
2. Make a list of terms you think should be added to those already mentioned. Define each term.

#### Suggested Resources

Allen, Walter L., Raymond M. Dabler, eds. California Department of Real Estate Reference Book. State of California, Department of Real Estate, 1976.

Bowman, Arthur G. Real Estate in California. Englewood Cliffs, New Jersey: Prentice-Hall,

Fowler, Glenn. How to Buy and Sell a Home. New York: Benjamin Company, 1970.

"House Buying" The Costs of Closing the Deal," Changing Times, November, 1971, pp. 15-17.

Smith, Geneva D. Dollars for Housing. American Home Economics Association, HELP-Home Economics Learning Packages, June, 1970.

When you feel you have learned the information presented in this lesson, take the following Progress Check.

**Lesson 1: Progress Check**

**List and define three terms commonly used in the closing of a sale.**

**Compare your answers with those on the next page.**

**Answer Key**

**Lesson 1: Progress Check**

**Abstract:** a legal description of the property plus its history of ownership

**Certificate of title:** a guarantee that the property is registered in your name

**Closing costs:** the costs due for items such as title search fees, attorney's fees, loan fees, appraisal costs, and credit reports

## Lesson 2: Closing Arrangements

The narrative summary, resources, and activities presented in this lesson will enable you to describe the steps followed in making the final closing arrangements for purchasing a home.

### Narrative Summary

Once you have decided on your choice of a house, you must make the final arrangement to purchase it. This is often done through a realtor. When you have settled on a price, you must leave a deposit with him to hold the house and as a sign of your good faith and true intentions to purchase the home. You should be aware of the total cost of the house and what you will need in cash before committing yourself. Both the buyer and seller will usually agree on a deposit amount and sign the deposit receipt form or agreement when closing the sale. This is the first major step in the closing--closing the sale.

The second major step is the legal closing. Legal closing means that all instruments necessary to transfer have been executed and recorded. Title insurance or title evidence has been furnished, and the money necessary to pay the seller for his equity, less expenses, is in the hands of the broker acting as trustee, or in the hands of an escrow officer. At this point, escrow proceedings should be completed.

The final step is the actual financial closing. This is closely related to legal closing, but with more emphasis upon mechanics--the actual disbursement of funds by checks and an accounting on paper to all parties concerned. At the closing of escrow, you will be expected to have the down payment and total closing costs at hand to financially close the deal (which often takes place in the second step). At this point, you must be prepared to take over the loan.

All activities should be submitted to and discussed with your instructor.

### Suggested Activities

1. Visit a title insurance company and get a firsthand view of escrow proceedings. If possible, obtain sample forms.
2. Set up a role-playing situation in which you set up and close a real estate deal. The buyer, seller, realtor, banker, and escrow officer should be portrayed.
3. Determine the closing costs on a FHA 8½ percent loan for a 2,000 square foot, 3-year-old home at \$55,000, 20 percent down, \$44,000 loan.

### Suggested Resources

Allen, Walter L., and Raymond M. Dabler, eds. California Department of Real Estate Reference Book. State of California, Department of Real Estate, 1976.

Bowman, Arthur G. Real Estate in California. Englewood Cliffs,  
New Jersey: Prentice-Hall,

Fowler, Glenn. How to Buy and Sell a Home. New York: Benjamin Co., 1970.

"House Buying: The Costs of Closing the Deal," Changing Times,  
November, 1971, pp. 15-17.

Smith, Geneva D. Dollars for Housing. American Home Economics  
Association, HELP-Home Economics Learning Packages, June, 1970.

"Why Does It Cost So Much to Sell a House?" Forbes, October 15, 1972,  
pp. 35-43+.

When you feel you have learned the  
information presented in this lesson,  
take the following Progress Check.

#### Lesson 2: Progress Check

1. Who is responsible for paying the closing costs of a sale?
2. Why is a deposit required when buying property and when is it paid?

Compare your answers with those on the next page.

## **Answer Key**

### **Lesson 2: Progress Check**

1. The various costs may be paid by both buyer and/or seller depending on the agreements of the sale and the costs, if any, of the realtor involved.
2. A deposit is required to hold the house and as a sign of good faith that the buyer intends to purchase the home. This prevents the property from being sold to someone who may come in with a higher bid and protects the seller from financial loss should the buyer change his mind and withdraw from the sale after agreement has been made.

### Lesson 3: Advantages and Disadvantages of Buying

The narrative summary, resources, and activities presented in this lesson will enable you to identify the advantages and disadvantages of buying a house.

#### Narrative Summary

There are several factors a family must consider when deciding whether or not to buy a home. Many of these factors will depend on the homes they are considering in relation to their location, neighborhood, maintenance, family financial resources, price of home, size and condition of home, age of home, the size of the family, the interest rates, etc.

There are also many general advantages and disadvantages to owning your own home. Some advantages are the pride of ownership, a way of expressing individuality (decorating, gardening, etc.), savings on income taxes since the interest and property taxes are deductible, and having privacy. Some disadvantages are the expense of closing costs, real estate fees, etc.; if you move in a short time, you may lose money; it is a responsibility and maintenance is time consuming; and the expense of landscaping home maintenance, and restricted freedom.

Few families anticipate the amount of cash required for actually setting up household in a new home beyond the monthly house payments. Costs involving immediate cash are the down payment, the closing costs and the "moving in" costs. Although the down payment and closing costs may be clear, the moving in costs are not found on any chart or bankers table. They vary with each home and possessions of the new owners. Moving in costs are greatest in a newly constructed, first home for a family or rehabilitation of an older home. The costs of drapery, yard and maintenance equipment, landscaping, sprinklers, utility hookups, mail box, trash cans, etc., are rarely budgeted sufficiently. The family which was stretching its budget to meet the PITI payments may in fact not have the assets to set up and maintain its new home.

Each individual and family must weigh all the factors to be considered with home ownership against their own values and other shelter alternatives available to them.

All activities should be submitted to and discussed with your instructor.

#### Suggested Activities

1. Make a chart of advantages and disadvantages of buying a home for a single person age 35, a young family with two children, a couple in their 50s with children gone.
2. Take a survey of your classmates to determine what priorities they have in choosing a home and deciding whether to buy it. Which rate highest on the list? Which rate lowest?

3. Visit a new tract development in your town. List all moving in costs the new owner will normally have to pay within the first six months. Include moving costs, hookup, interior essentials, and all yard and maintenance costs.
4. Set up a problem situation, such as a young couple who plan to live in the same location for three years. Rents are high but they have managed to find a roomy modern house to rent at a fair price. The interest payments on the mortgage for the smaller house are the same as the rental payments on the larger house. Set up a discussion panel to argue the pros and cons of each side. Keep a recording of all the variables.

#### Suggested Resources

Jaksch, Carol, and Rebecca Schild. Houses to Buy or Not to Buy. American Home Economics Association, HELP-Home Economics Learning Packages, July, 1969.

Smith, Geneva D. Dollars for Housing. American Home Economics Association, HELP-Home Economics Learning Packages, June, 1970.

Refer to Consumer Module 3 - "Procedures for Selecting Housing".

|                                             |
|---------------------------------------------|
| There is no Progress Check for this lesson. |
|---------------------------------------------|

UNIT 3 PROGRESS TEST

Shopping for a Home Loan

Student \_\_\_\_\_

Instructor \_\_\_\_\_

Date \_\_\_\_\_

1. Match the term to the definition.

- |                               |                                                            |
|-------------------------------|------------------------------------------------------------|
| a. _____ grant deed           | 1. legal description of property plus history of ownership |
| b. _____ abstract             | 2. guarantee that property is in your name                 |
| c. _____ certificate of title | 3. written instrument by which title is transferred        |
| d. _____ closing costs        | 4. title fee, attorney's fee, appraisal fee                |
| e. _____ escrow               | 5. clearing house for transaction                          |

2. Match the description to the term.

- |                            |                                                   |
|----------------------------|---------------------------------------------------|
| a. _____ closing the sale  | 1. escrow proceeding                              |
| b. _____ legal closing     | 2. deposit required                               |
| c. _____ financial closing | 3. disbursement of funds to all concerned parties |

3. Why must a deposit be made when buying a home?

4. List four factors a family might consider when thinking of buying a home.

- a.
- b.
- c.
- d.

**ANSWER KEY**  
**UNIT 3 PROGRESS TEST**

**Shopping for a Home Loan**

Instructor: In booklets reproduced for students, you may wish to omit this page.

1.
  - a.   3
  - b.   1
  - c.   2
  - d.   4
  - e.   5
2.
  - a.   2
  - b.   1
  - c.   3
3. to hold the house and as a sign of good faith that you actually intend to buy it
4.
  - a. the location and price of the houses available
  - b. the interest rate
  - c. family financial resources
  - d. condition and size of house
  - e. moving in costs

**MODULE POSTTEST**

After you have completed the final unit progress test for this module, you should be ready to take the Module Posttest. See your instructor.

**MODULE PRE/POSTTEST**

**Shopping for a Home Loan**

**Student** \_\_\_\_\_

**Instructor** \_\_\_\_\_

**Date** \_\_\_\_\_

**Student:** This pre/posttest will assess your knowledge of the information presented in this module. You need study only those units that are prescribed on the basis of the pretest results.

1. Identify the two major types of lending sources and give examples of each.
2. Given below is an example in which a house is being financed through FHA. List the advantages and disadvantages of financing the house through FHA rather than another method.

**Example:** New house has been FHA inspected. It is being purchased during a period of tight money by a young average income family.

3. Given below is an example in which a house is being financed through VA. List the advantages and disadvantages of financing the house through VA rather than any other method.

**Example:** New housing costing \$25,000

4. List the main criteria typically used by lenders to determine home loan qualifications.

Pre/posttest (continued)

5. List circumstances and traits which would necessarily disqualify an individual or family for a home loan.
6. Explain appraisal and its relation to land value. How does our economy affect property values?
7. What are the factors to remember when calculating the ratio of principal to interest paid on a home loan over a period of years? Explain the procedure for determining the ratio.
8. Read the example below. Calculate the approximate monthly and annual costs of the house and describe the financial arrangements for its purchase including down payment, monthly payments for principal and interest, taxes, and insurance.  
  
Example: Five-year-old tract house with 2,000 square feet in good condition bought with conventional loan at interest rate of 9 percent (30 year loan). Price of house is \$40,000. Down payment of 20 percent is required. The loan would be \$32,000 at 9 percent per year. Property tax is \$744 per year. Insurance is \$13 per month.
9. Describe the "closing process".

Return this test to your instructor for evaluation.

ANSWER KEY  
MODULE PRE/POSTTEST

Shopping for a Home Loan

**Instructor:** Do not reproduce this page in students' booklets. You must retain it for grading and prescriptive purposes. Answers will vary with individuals. A preferred response might be similar to the answer presented.

1. Institutional--savings and loans or commercial banks, insurance companies, mutual savings  
Non-institutional--mortgage companies, individual and nonfinancial organizations (brokers, title insurance companies, universities, etc.)
2. Advantages:  
Only a small down payment is required.  
There is a smaller interest rate than on a conventional mortgage, thus smaller monthly payments.  
Since it is FHA inspected, it provides a four-year warranty against serious structural defects.  
  
Disadvantages:  
During a period of tight money especially, the seller may have to pay the lender a discount charge (points). Because of this, many sellers prefer to sell through a conventional loan, thus limiting the choice of houses to a buyer.
3. Advantages:  
There are smaller monthly payments than a conventional loan because of smaller interest rate.  
There is no penalty for repaying the loan.  
Legal safeguards are written into the mortgage to protect the buyer.  
One may be able to finance as much as 100 percent of the selling price.  
  
Disadvantages:  
The buyer may have to shop around more for a loan.  
Since the seller may have to pay discount changes (points), he may cut corners on the home he builds in order to compensate for the discount he pays the lender.
4. The main criteria that lenders use to determine home loan qualifications are based on the application. Most home loan offices ask the following information.

occupation - years employed  
income  
residency  
marital status  
bank accounts - checking and savings  
previous credit - credit rating proven  
number of dependents  
owner of car  
owner of property  
children - number and ages

Pre/posttest Answer Key (continued)

4. (continued)

insurance--life, disability, automobile  
any debts  
physical description

In addition, the lender considers personal character as another major factor. References are reviewed and landlords are usually asked about their previous tenants. A budget is also set up to determine the family's expenses. The major concern is to know that the individual is a good risk.

5. Disqualifying individuals would mainly deal with the inability for them to pay back the loan. The following are a few reasons for disqualification.

divorced male, possibly, because of his payments for alimony or child support

person who has job instability, not able to hold jobs

person who has had previous credit problems

person who shows slow paying habits on previous loans

person with health problems that make employment unstable

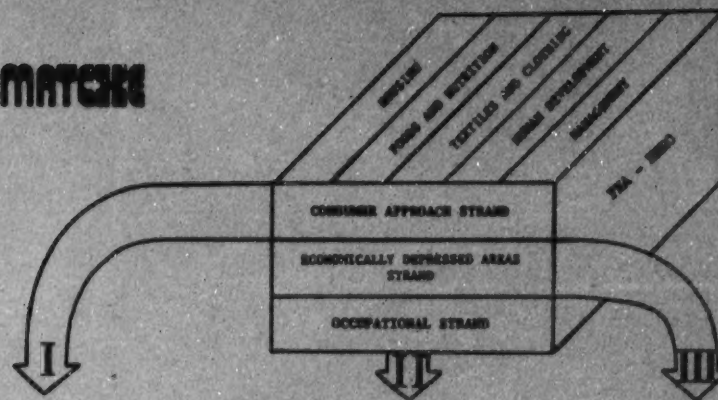
6. Appraisal is an estimate of the value of property. Any decision concerning the value of real estate must be based upon an appraisal, so these are greatly intertwined. The state of the economy affects property value because it either restricts or encourages spending through the manipulation of interest rates. If the economy is inflationary, interest rates as well as prices are high and so is land value. If it is in a recessionary period, the reverse is true.

7. Real estate interest is calculated on a 30 day basis and paid on the declining balance. One must figure the interest ratio to principal for each 30 days, then add 12 payments for a 360 day year in 30 day periods. Frequently, errors are made by multiplication of payments by 12 without calculating declining balance.

8. down payment--\$8,000  
monthly payment (the amortization table, Appendix A)--\$257.48  
taxes--\$62 per month  
insurance--\$13 per month  
annual costs--\$3,989.76  
monthly costs--\$332.48

9. closing of the sale--deposit required  
legal closing--escrow proceedings; you may be required to have your money at hand at this time for the down payment and closing costs  
financial closing--actual disbursements of funds to parties

# MATCH



| <b>A. CORE: CONSUMER APPROACH TO HOMEMAKING EDUCATION</b><br>1 Life Styles and the Consumer<br>2 Community Consumer Resources<br>3 Consumer Rights and Responsibilities<br>4 Incorporating the Consumer Approach in Homemaking Classes                                                               | <b>CORE: ESTABLISHING OCCUPATIONAL PROGRAMS</b><br>1 Analyzing Job Market Opportunities<br>2 Developing Occupational Programs<br>3 Implementing Occupational Programs<br>4 Evaluating Occupational Programs | <b>CORE: TRACKING HOME ECONOMICS IN ECONOMICALLY DEPRESSED AREAS</b><br>1 Characteristics of Economically Depressed Areas<br>2 Life Style Characteristics of Economically Depressed Areas<br>3 Community Resources for Economically Depressed Areas<br>4 Developing and Implementing Programs for Economically Depressed Areas |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AREA (Module) PACKAGES                                                                                                                                                                                                                                                                               | AREA (Module) PACKAGES                                                                                                                                                                                      | AREA (Module) PACKAGES                                                                                                                                                                                                                                                                                                         |
| <b>B. HOUSING</b><br>1 Consumer Use of the Community<br>2 Procedures for Selecting a Community<br>3 Procedures for Selecting Housing<br>4 Shopping for a Home Loan<br>5 Procedures for Selecting Furnishings<br>6 Maintenance Procedures for Surfaces, Furniture, and Appliances                     | <b>HOUSING</b><br>1 Occupational Opportunities Related to Housing and Interiors<br>2 Required Skills for Retail Sales of Furnishings and Related Household Items                                            | <b>HOUSING</b><br>1 Low Income Housing<br>2 Government Housing Programs<br>3 Low Income Furnishings                                                                                                                                                                                                                            |
| <b>C. FOODS AND NUTRITION</b><br>1 Technological, Sociological, Ecological, and Environmental Factors Related to Food<br>2 Regulatory Agencies Responsible for Wholesomeness and Quality of Foods<br>3 Consumer Aspects in Planning Meals<br>4 Cultural Food Patterns<br>5 Influences on Food Prices | <b>FOODS AND NUTRITION</b><br>1 Occupational Opportunities Related Foods and Nutrition<br>2 Operations and Activities of a Food Service Operation<br>3 Managing a Food Service Operation                    | <b>FOODS AND NUTRITION</b><br>1 Food Availability in Economically Depressed Areas<br>2 Low Income Food Patterns<br>3 Meal Management on a Low Income                                                                                                                                                                           |
| <b>D. TEXTILES AND CLOTHING</b><br>1 Consumer Approach to Textiles and Clothing<br>2 Sociological, Psychological, and Economic Factors Affecting Clothing Selection<br>3 Clothing Needs of Individuals<br>4 Applications and Implications of New Technology in Textiles and Clothing                 | <b>TEXTILES AND CLOTHING</b><br>1 Occupational Opportunities Related Textiles and Clothing<br>2 Assembly Line Garment Construction<br>3 Merchandising Textiles and Ready-To-Wear                            | <b>TEXTILES AND CLOTHING</b><br>1 Clothing the Individual and Family<br>2 Utilizing Resources for Clothing and Textiles                                                                                                                                                                                                        |
| <b>E. HUMAN DEVELOPMENT</b><br>1 Societal Changes Affecting the Family<br>2 The Relationship Between Spending Patterns and Interpersonal Relationships<br>3 Financial Pressures in Various Life Styles and Cycles<br>4 Individuals and Families in Crisis<br>5 Consumer Aspects of Parenthood        | <b>HUMAN DEVELOPMENT</b><br>1 Occupational Opportunities Related to Home Management<br>2 Children's Center Aide<br>3 Developing Programs for Preschool Children<br>4 Convalescent Home Aide                 | <b>HUMAN DEVELOPMENT</b><br>1 Characteristics of Economically Depressed Area Families<br>2 The Child and the Economically Depressed Area Family<br>3 Resources for the Economically Depressed Area Family                                                                                                                      |
| <b>F. MANAGEMENT</b><br>1 Relationship Between National and Consumer Economics<br>2 Consumer Legislative Issues<br>3 Environmental Issues and the Consumer<br>4 Financial Management<br>5 Family and Individual Credit Management<br>6 Management View of the Multiple Role<br>7 The Metric System   | <b>MANAGEMENT</b><br>1 Occupational Opportunities Related to Home Management and Supporting Services<br>2 Occupational Preparation for Jobs Utilizing Housekeeping Skills                                   | <b>MANAGEMENT</b><br>1 Management Skills<br>2 Money Management<br>3 Marketing Practices in Relation to Low Income Clients                                                                                                                                                                                                      |